

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EA-07 IO-11 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 PA-01 PRS-01 USIA-06 XMB-02 OPIC-03 AGR-05

FEAE-00 /106 W

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TO SECSTATE WASHDC PRIORITY 753

INFO ALL EC CAPITALS PRIORITY 1839

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E.O. 11652: N/A

TAGS: EGEN, CIEC, ETRD, OECN UNCTAD, EEC

SUBJECT: RAW MATERIALS--WENDT CONSULTATIONS WITH THE EURO-
PEAN COMMISSION

REF: A) GENEVA 1879; B) OECD PARIS 5301, C) OECD PARIS 5274,
D) EC BRUSSELS 2295

1. BEGIN SUMMARY: ALLAN WENDT, THE DIRECTOR OF THE OFFICE
OF INTERNATIONAL COMMODITIES, HELD A SERIES OF USEFUL MEETINGS
WITH THE EC COMMISSION AND PERMANENT REPRESENTATION OFFICIALS
ON MARCH 12. THE TALKS REVEALED THE DIFFICULTIES THE EC WAS
HAVING IN PUTTING TOGETHER RAW MATERIALS' POSITIONS FOR CIEC
AND UNCTAD. THE EC OFFICIALS ALSO APPRECIATED THE IMPOSSIBLE
SITUATION IN WHICH THEY PUT OTHER GROUP B COUNTRIES WHEN THE
EC TAKES INFLEXIBLE POSITIONS IN THE NAME OF EC UNITY. EC
OFFICIALS TOOK NOTE OF CHANGES BEING SUGGESTED TO THE GROUP
B PAPER BY THE USDEL AT THE TDB IN GENEVA WHICH THEY SAID WERE
ACCEPTABLE TO MOST MEMBER STATES. END SUMMARY.

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2. ON MARCH 12, ALLAN WENDT, DIRECTOR OF THE OFFICE OF INTER-

NATIONAL COMMODITIES, MET WITH EC COMMISSION OFFICIALS DEALING WITH RAW MATERIALS ISSUES IN THE CIEC AND UNCTAD. ATTENDING THE MEETINGS WERE MANFRED CASPARI, EC COMMISSION DIRECTOR RESPONSIBLE FOR COORDINATION OF COMMISSION WORK IN THE CIEC; ALEXANDRE STAKHOVITCH AND MADAME QUINTIN OF THE DIRECTORATE GENERAL FOR EXTERNAL AFFAIRS; JOSE NICOLAI, THE ADVISOR TO JOSEPHUS LOEFF, THE EC CO-REPRESENTATIVE AT THE COMMISSION ON RAW MATERIALS (CORM); JEAN DURIEUX, DIRECTOR IN THE DEVELOPMENT DIRECTORATE GENERAL; AND HERMANN BURGARD OF THE DIRECTORATE GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS. WENDT ALSO MET WITH JOSEPH WYELAND, THE LUXEMBOURG CO-REPRESENTATIVE FOR THE EC IN THE CORM AND HANS-MARTIN BURCKHARDT OF THE GERMAN PERMANENT REPRESENTATION.

3. A SESSION WITH CASPARI AND SEVERAL OF THE ABOVE COMMISSION OFFICIALS DEALT WITH WORK IN THE CORM. WENDT OUTLINED THE ARGUMENTS AGAINST GOING THROUGH A COMMODITY-BY-COMMODITY ANALYSIS OF THE CORM MEETINGS IN MARCH AND APRIL AS THE EC HAD PROPOSED AT THE FEBRUARY MEETING. HE EXPLAINED THAT IT WOULD BE PREFERABLE AT THIS STAGE IN THE DIALOGUE TO HAVE AN ANALYTICAL DISCUSSION OF THE SUBJECTS IN THE GROUP 8 AND GROUP 19 PROPOSED AGENDAS, NOTING THAT REFERENCES TO SPECIFIC COMMODITIES WOULD UNDOUBTEDLY BE MADE FOR ILLUSTRATIVE PURPOSES. WENDT SAID THE US WAS PREPARED TO ADDRESS AND DISCUSS ON AN ANALYTICAL BASIS THE SUBJECTS RAISED IN THE G-19 PROPOSED AGENDA SUCH AS THE INTEGRATED PROGRAM, A COMMON FUND, INDEXATION, ALTHOUGH WE WOULD ONLY DO SO IF THEY WERE PHRASED IN A NATURAL FASHION. THE COMMISSION OFFICIALS EXPRESSED FEAR THAT SUCH DISCUSSIONS COULD GO TO THE QUESTION OF WHETHER WE WERE FOR OR AGAINST THE COMMON FUND, FOR EXAMPLE, BUT WENDT SAID WE SHOULD BE ABLE TO TREAT THE ELEMENTS OF SUCH SUBJECTS IN AN ANALYTICAL FASHION WITHOUT REACHING CONCLUSIONS. HE NOTED THAT THERE WERE MORE THAN ENOUGH SERIOUS TOPICS TO KEEP US BUSY AT CORM FOR THE NEXT TWO MEETINGS. THE COMMISSION REPRESENTATIVES ULTIMATELY APPEARED TO BE CONVINCED THAT A COMMODITY-BY-COMMODITY ANALYSIS COULD RESULT IN A DEAD END AND CREATE AN AGENDA FIGHT WITH THE G-19, WHICH NO ONE WANTED. DURING THE COURSE OF THE DISCUSSION, STAKHOVITCH SAID THE COMMISSION HAD CONCLUDED THAT AT BEST ONLY THREE TO FIVE COMMODITIES LENT THEMSELVES TO BUFFER STOCKS. WENDT USED THIS REMARK TO

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POINT OUT THAT IF SUCH WERE THE CASE, IT WOULD BE DANGEROUS TO BUILD UP LDC EXPECTATIONS WITH A CASE-BY-CASE DISCUSSION. HE ALSO UNDERLINED THE US VIEW THAT THE DC'S SHOULD NOT USE THE TALKS TO ADVANCE POSITIONS THAT, IN THE END, THEY WOULD NOT BE ABLE TO DELIVER ON.

4. NICOLAI, WHO WAS NOT PRESENT IN THE CASPARI SESSION, TOLD US LATER THAT AFTER THE RESULTS OF THE FEBRUARY CORM

MEETING HE HAD INFORMED THE COMMISSION AND COUNCIL WORKING GROUP THAT A COMMODITY-BY-COMMODITY DISCUSSION WAS DE. NICOLAI SAID THAT THE EC IS NOW WORKING ON STATEMENTS FOR THE MARCH CORM MEETING WHICH WILL ADDRESS GROUP B AGENDA ITEMS, E.G. BUFFER STOCKS, PRICE, ACCESS TO MARKET AND ACCESS TO SUPPLIES, ETC. WENDT TOOK THE OCCASION TO SAY THAT HE HOPED THE COMMISSION WOULD SPEAK UP MORE OFTEN AT THE CORM MEETINGS AND ENCOURAGED THE COMMISSION TO PREPARE ANALYTICAL PAPERS ON THE VARIOUS ISSUES. HE ALSO EXPRESSED THE HOPE THAT THE COMMISSION WOULD SPEAK MORE FREELY AT THE OECD HIGH LEVEL COMMODITY GROUP. HE SAID WE UNDERSTOOD THAT THE PURPOSE FOR HOLDING THE RECENT SESSION WELL IN ADVANCE OF THE MARCH CORM MEETING WAS TO ALLOW AN EXCHANGE OF VIEWS WHICH COULD BE TAKEN INTO CONSIDERATION WHEN POSITIONS ARE DEVELOPED FOR CORM MEETINGS, AND THAT THIS APPROACH SEEMED TO BE COMPATIBLE WITH AMBASSADOR DONDELINGER'S REMARKS TO BOSWORTH LAST WEEK (REF B).

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NSC-05 PA-01 PRS-01 USIA-06 XMB-02 OPIC-03 AGR-05

FEAE-00 /106 W

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5. WENDT RAISED WITH THE COMMISSION AND MEMBER STATE OFFICIALS THE SERIOUS PROBLEM WE AND OTHER GROUP B MEMBERS HAD WITH THE COMMUNITY BEING TOTALLY INFLEXIBLE IN MODIFYING ITS POSITION ONCE A COMMON POSITION WAS REACHED IN BRUSSELS. THE CASE

IN POINT WAS THE GROUP B PAPER PREPARED BY THE EC WHICH IS NOW BEING DISCUSSED BY GROUP B AT THE UNCTAD TRADE AND DEVELOPMENT BOARD (TDB) IN GENEVA. THE EC OFFICIALS DESCRIBED THE BITTER FIGHT THEY HAD IN AGREEING ON THE DELICATELY BALANCED PAPER AND THE THREATS THAT COMMUNITY UNITY WOULD BREAK UP IF ANY CHANGES WERE MADE. WENDT APPRECIATED THE EC'S PROBLEMS BUT POINTED OUT THE IMPOSSIBLE POSITION OF PRESENTING GROUP B MEMBERS WITH A PAPER AND SAYING THEY COULD TAKE IT OR LEAVE IT. WENDT DEMONSTRATED THAT THE DIFFERENCE WE HAD WITH THE COMMUNITY ON THE APPER WERE ACTUALLY VERY MINOR AND INVOLVED PRESENTATION AND TIMING, AND THAT OUR SUBSTANTIVE POSITIONS WERE VERY MUCH IN LINE. THE MEETINGS WITH WEYLAND AND BURCKHARDT MADE IT CLEAR THAT THE COMMUNITY HAS NOT FOCUSED ON THE IMPORTANCE OF GROUP B UNITY AT UNCTAD AND HAS LIMITED ITSELF TO THE PROBLEM OF A COMMON EC POSITION. THE EC OFFICIALS RECOGNIZED THAT THERE WAS A CONFLICT BETWEEN THE GOAL OF EC AND GROUP B UNITY AND LIMITED OFFICIAL USE

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ADMITTED THAT THEY HAD NOT THOUGHT THROUGH ALL OF THE CONSEQUENCES OF THEIR CURRENT POSITION. THEY ALL REALIZED THAT THEY COULD NOT EXPECT THE US AND OTHER GROUP B COUNTRIES TO ACCEPT AN EC PAPER WITHOUT CHANGES. WEYLAND STRESSED, NEVERTHELESS, GREAT CONCERN OVER THE DUTCH SPLITTING OFF FROM THE EC AND PLAYING THEIR OWN ROLE AT UNCTAD IV.

6. WENDT INDICATED TO BURCKHARDT AND NICOLAI CHANGES WE WERE PROPOSING IN GENEVA TO THE EC GROUP B PAPER (SEE REFTEL A). THEY AGREED THAT THE CHANGES SUGGESTED BY THE US WERE REASONABLE AND LOGICAL. NICOLAI SAID HE THOUGHT THAT 7 OR 8 OF THE EC MEMBER STATES WOULD HAVE NO TROUBLE AGREEING TO THEM. NICOLAI WILL BRING OUR SUGGESTED CHANGES TO THE ATTENTION OF A COUNCIL WORKING GROUP MEETING ON MARCH 15 AND A COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) MEETING ON MARCH 16. COREPER COULD, IF AGREEMENT WERE REACHED, MAKE CHANGES IN THE EC PAPER. NICOLAI, WEYLAND AND BURCKHARDT ALL AGREED THAT THE EC PAPER ACTUALLY WENT BEYOND THE POSITIONS OF MOST MEMBER STATES AND WHAT WAS AGREED TO IN BRUSSELS WAS A PIECE OF PAPER FOR THE SAKE OF UNITY, NOT THE SUBSTANCE OR TACTICS IMPLICIT IN IT.

7. NICOLAI TOLD WENDT THAT HE HAS BEEN WARNING THE COMMISSION THAT IF THE EC GOES BEYOND WHAT THE US IS PROPOSING THE WHOLE DIALOGUE WILL FALL APART. HE SAID HE IS ARGUING THAT THE EC SHOULD TRY AND COAX THE US ALONG BUT NOT TOO FAR. NICOLAI RECOGNIZED, HOWEVER, THAT IF THE COMMISSION TAKES A HARD LOOK AT WHAT THE US IS REALLY PREPARED TO OFFER ACROSS THE BOARD ON COMMODITIES, INCLUDING FINANCIAL MECHANISMS, THE TOTALITY OF THE US COMMODITIES POSITION IS ACTUALLY MORE FORTHCOMING THAN THAT OF THE EC.

8. DURING THE COURSE OF THE MEETINGS, EC OFFICIALS STATED THAT
A) THE EC DOES NOT KNOW WHERE IT WANTS TO COME OUT IN CIEC,
B) OF THE FOUR CIEC COMMISSIONS, THE RAW MATERIALS COMMISSION
POSES THE MOST DIFFICULTY, C) THE EC IS LEAST PREPARED FOR CORM,
AND D) THE EC HAS NOT THOUGHT THROUGH THE RAW MATERIALS ISSUES
FOR UNCTAD IV. THE EC COUNCIL HAS ASKED THE EC COMMISSION TO
PREPARE A PAPER FOR THE APRIL 5-6 EC COUNCIL MEETING TO ADDRESS
POINTS A AND D.

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9. COMMENT. THE MISSION BELIEVES THESE BILATERAL CONTACTS WITH
THE COMMISSION AND MEMBER STATE OFFICIALS IN BRUSSELS WERE VERY
USEFUL. NICOLAI AGREED WITH THIS ASSESSMENT. US POSITIONS WERE
MADE CLEAR AND THE DIFFICULTY POSED FOR THE GROUP B COUNTRIES
BY A RIGID INSISTANCE ON EC UNITY WAS WELL UNDERSTOOD BY THE
EC OFFICIALS WHO HAD NO SATISFACTORY RESPONSE. THE CONSULTATIONS
SHOULD ALSO STIMULATE FURTHER THINKING BY THE EC ON THE BASIC
SUBSTANTIVE AND TACTICAL ISSUES THAT MUST BE FACED IN CIEC AND
UNCTAD. THIS MESSAGE WAS PREPARED AFTER THE DEPARTURE OF MR
WNDT. END COMMENT. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TRADE, COMMODITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU02603
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760097-0255
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760361/aaaacbsm.tel
Line Count: 248
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 GENEVA 1879, 76 OECD PARIS 5301, 76 OECD PARIS 5274
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by MartinML>; APPROVED <01 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RAW MATERIALS--WENDT CONSULTATIONS WITH THE EURO- PEAN COMMISSION
TAGS: EGEN, ETRD, PORG, US, UNCTAD, EEC, CIEC, (WENDT, ALLAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006